

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

KEYSPAN ENERGY DELIVERY  
NEW ENGLAND

)  
) D.T.E. 01-105  
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**DIVISION OF ENERGY RESOURCES' FIRST SET OF  
INFORMATION REQUESTS**

**Instructions**

For the purpose of the Massachusetts Division of Energy Resources' ("DOER") First Set of Information Requests ("Requests"), any reference to the "Company" or "Keyspan" shall mean Keyspan Energy Delivery New England. Any reference to "the Plan" shall mean the Long-Range Resource and Requirements Plan (2001/02 to 2005/6). "DSM" shall mean demand side management.

DOER requests that Keyspan provide complete and detailed responses to all Requests and include with such Responses all relevant documentation.<sup>1</sup>

Please provide each response on a separate page with the following:

- 1) a reference to the DTE docket number;
- 2) a recitation of the Request to which Keyspan is responding (including the information request identification/reference number – e.g. DOER 1-1), and;
- 3) The identification and business title and address of the person responding to the Request.

In order to expedite the review of the responses, please provide the responses as they are completed. Please do not wait for the completion of all responses.

DOER also requests that Keyspan provide supplemental responses to these Requests if Keyspan develops or obtains additional information within the scope of said Requests subsequent to the provision of Keyspan's initial response and prior to the close of the record in DTE 01-105.

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<sup>1</sup> "Documentation" includes, but is not limited to, writings, drawings, graphs, charts, photographs, phono-records, and other data compilations from which information can be obtained, translated, if necessary, by Berkshire Gas Company, through detection devices, into reasonably useable form.

If any of these Requests are ambiguous or need clarification in any way, please notify George Simmons, Division of Energy Resources, at 617-727-4732 ext. 130 in order to clarify the Request(s) prior to the preparing the response.

DOER-1-1: Please explain, including all cost analyses performed in your response, how securing increased deliveries of pipeline supplies from the AGT system, which would require certain distribution-facility upgrades on the Cape, was determined to be the most cost-effective way to meet the Cape's supply and reliability needs.

DOER-1-2: Please explain, including all cost analyses performed in your response, how entering into a long-term agreement with AGT for 35,000 MMBtus of daily transportation capacity in 2002-2003 and increasing that capacity to 45,000 MMBtus/day in 2003-2004, was determined to be the most cost-effective way to meet the supply and reliability needs of the Company.

DOER-1-3: Referring to Chart-A-2, please explain the acronym "ENG NORTH" and in so doing, please explain how ENG NORTH was used to develop the Daily Game Plan for the Massachusetts Division of Keyspan.

DOER-1-4: Please explain why, during the three-year period between 2002/3 through 4004/5, there is a difference in line 10 of Table G23D (Revised) BASE and HIGH-DEMAND CASES, RESOURCES, and TGP Production Area.

DOER-1-5: D.T.E. 98-32-B (February 1, 1999) page 34, states, "To ensure the provision of reliable gas service, the Department concludes that, at least during the first three years of the transition period, the LDCs must continue with their obligation to plan for and procure necessary upstream capacity to serve all firm customers. LDCs would recontract for capacity on an as-needed basis, subject to the approval of the Department." Please submit, including with your submission the Department's approval orders, each new or renewed supply and capacity contract entered into and each contract that was revised or terminated following the D.T.E's February 1, 1999 Order.

DOER-1-6: D.T.E. 98-32-B (February 1, 1999), pages 34 – 35 state, "These renewal decisions should be preceded by discussions with marketers in order to assure that the LDCs' decisions will take into account customer migration to transportation service, system growth and the trend of marketer participation in the LDCs' markets." Keyspan states, at page 68, footnote 39, that it solicited input from marketers in renewing and modifying the Tennessee and Algonquin contracts. Please summarize those discussions, including in your response the dates of such discussions, the identities of the marketers (both those marketers who were invited and did not participate and those marketers who did participate) the substance of each discussion, and the contracts discussed.

DOER-1-7: Referring to page 6 of the Plan, Keyspan states that it, "bought out the remaining year on 6 contracts as of November 1999, which were no longer necessary to maintain city-gate deliverability." Please provide the cost(s) for each buy-out and include in your response the details of any other contract(s) for which a payment was made in order to revise or modify the terms of such contract(s).

DOER-1-8: Are Keyspan's gas supplies, transported over M & N Pipeline, delivered to the city-gate by Tennessee and/or Algonquin? If yes, include in your response an identification of the relevant contracts.

DOER-1-9: Please identify all current Algonquin and Tennessee contracts and capacities that do not provide for primary receipt and delivery points. Please include in your response a separate list identifying the contracts and capacities that do not provide for primary deliveries to Keyspan's city-gates.

DOER-1-10: Please provide the cost and reliability analyses Keyspan relied upon to terminate the 35,000 MMBtu/day of long-haul capacity on AGT/TETCO in exchange for LNG supplies from AGT LNG in Providence, RI.

DOER-1-11: On page 17 of the Plan, Keyspan states that, "Through its negotiations with Tennessee and Algonquin, the Company was able to streamline and restructure its gas resource portfolio and significantly reduce costs, while at the same time enhancing the flexibility, diversity and reliability of the overall portfolio." Please explain the criteria Keyspan employed to determine whether and to what extent a contract enhances the overall portfolio. Please include in your response an explanation of every contract change since February 1, 1999, not otherwise summarized on pages 17 – 20 of the Plan, that enhanced the overall portfolio.

DOER-1-12: On page 18 of the Plan, Keyspan states, "This FT-A capacity provides the Company with substantial operating flexibility because the Company is able to use alternate receipt and delivery points and capacity segmentation to deliver supplies to various points on the Keyspan system." Please explain how, when such capacity is segmented, which segment, if any, includes secondary receipt of delivery points. Please include in your response the number of days (with capacity levels) from 1999 through 2002 on which the Company nominated into segment capacity, but actual deliveries did not occur up to the nominated level.

DOER-1-13: For the design-day BASE CASE, please explain which portion(s) and amount(s) of Keyspan's RESOURCES make use of segmented transportation capacity.

DOER-1-14: Please describe which portion of Keyspan's NET-NE is eligible to make use of alternate receipt and delivery points.

DOER-1-15: On page 18 of the Plan, Keyspan states, "Prior to the restructuring, the Company had the right to withdraw 95,415 MMBtus/day from its Tennessee FS-MA underground storage..." Please explain whether this was a firm right to withdraw daily or if any withdrawal ratchets existed on this capacity.

DOER-1-16: Please identify what portion of the 35,000 MMBtus/day entitlement of LNG and transportation capacity has primary receipt and delivery points, including in your response the location of the primary delivery point.

DOER-1-17: On page 20 of the Plan, Keyspan states, "As a result of its negotiations, Keyspan now operates within highly flexible operating parameters, which generally allow Keyspan to balance deliveries across the entire system rather than having to adhere to the more restrictive balancing requirements previously imposed on each separate distribution system." Please explain the use of the word "generally" and identify, by pipeline, the individual OBAs (including volumes) held by Keyspan prior and subsequent to the negotiations.

DOER-1-18: Concerning the discount negotiated on the M & N Pipeline, please explain the amount and length of time of the discount.

DOER-1-19: Please identify and describe whether Keyspan, its parent entity, or any of its affiliates own any portion of Hubline or the M & N Pipeline.

DOER-1-20: Please provide the Company analysis referred to on page 29 of the Plan, indicating, "that Hubline represented a highly flexible and least-cost alternative to serve the incremental customer requirements of the Keyspan system, while also providing a unique opportunity for improved supply capability on the Cape."

DOER-1-21: Referring to Table G-23D (Revised), please explain whether the design-day REQUIREMENTS in the BASE and HIGH DEMAND CASES are based on all of the Company's firm customers, including firm transportation-only customers. If not, please explain why and provide, for each year of the forecast period, a design-day estimate for the Company's firm transportation-only customers.

DOER-1-22: Referring to Tables G-22N and D (Revised), please explain whether the Normal and Design Year REQUIREMENTS in the BASE and HIGH DEMAND CASES are based on all of the Company's firm customers, including firm transportation-only customers. If not, please explain why and provide, for each year of the forecast period, seasonal estimates for the Company's firm transportation-only customers.

DOER-1-23: For each year of the BASE CASE forecast, please provide the number of firm transportation-only customers that are either grandfathered from or ineligible for capacity assignment, including in your response their aggregate design-day, split normal-year, and design-years REQUIREMENTS.

DOER-1-24: Please explain why, in Chart III-B-5, the DSM Reduction for 2004 is not increasing at a rate consistent with all other years of the Plan.

DOER-1-25: For the last three years for which Keyspan has data, please provide, in a format consistent with that of Chart III-B-5, the actual net annual demand additions for Residential, Apartment, Commercial/Industrial, DSM Reduction, NGV, and Seasonal Firm Contracts.

DOER-1-26: On page 59 of the Plan, Keyspan states that it expects MATEP, Wellesley College, and Brandeis University, currently firm sales customers, to migrate from default service to transportation-only service. Please explain why these customers, as further stated on page 59, will not be eligible for mandatory capacity assignment, including in your response an explanation about why this load is shown as a reduction for planning purposes.

DOER-1-27: Please describe the current status of the DSM settlement the Company anticipates filing with the Department for approval by the end of 2002.

DOER-1-28: Please explain how Keyspan has incorporated, on an equal basis, demand-side option with supply-side options in its resource mix.

DOER-1-29: On page 67 of the Plan, the Company states, "To date, the customer load participating directly in the transportation program (without first becoming a sales

customer) is relatively small in proportion to the Company's overall throughout." Has Keyspan included the REQUIREMENTS of these customers in Tables G-22D and G-23D (Revised)? Please include in your response, for each year of the Plan, the respective proportion, the number of customers that will exist, and their aggregate design-day, design-year, and normal-day requirements.

DOER-1-30: Charts III-B-5 and –13 identify total annual load additions over the forecast period in the BASE and HIGH DEMAND cases. For each year of these forecast periods, please provide the amount of projected annual load additions expected from customers participating directly in the transportation program without first becoming sales customers.

DOER-1-31: The Normalized Forecast of Customer Requirements is set forth on page 78 of the Plan. With reference to this forecast:

- a. What are the three primary, independent variables that affect these rates?
- b. For the BASE case, why does Keyspan conclude that the growth rates from 2002 – 2004 will be almost twice the growth rates from 2004 – 2006?
- c. Why does Keyspan conclude that the growth rate for commercial customers will be significantly greater than that of the other customer classes?

DOER-1-32: On page 80 and page 88 of the Plan, Keyspan states that it used approximately 1-in-50 (46.69) and 1-in-40 (37.43) probabilities of occurrence for the design-day and the design-year, respectively. Please calculate the total forecast BASE and HUBLINE DELAY CASE REQUIREMENTS for each year of the Plan using 1-in-20 probabilities, including in your response the total of "Other Purchased Resources" for each year.

DOER-1-33: Using a 1-in-20 year probability for the BASE CASE, please calculate the estimated total cost of a 25% interruption if a 78 effective degree-day and 7,120 EDDs were to occur in a year.

DOER-1-34: Please identify the firm capacity contracts, including volumes, that will expire during the forecast period.

DOER-1-35: Please describe whether the SENDOUT model was used to determine an optimal resource mix from which Hubline was selected to meet forecast demand. If so, please provide the resource mix model results.

DOER-1-36: Please describe the current status of negotiations with DOMAC for an LNG supply.

DOER-1-37: With regard to "Other Purchased Resources" in the BASE and HUBLINE DELAY CASES for Normal and Design Heating Seasons, please, including the following breakdown for design days, disaggregate the volumes for each year between:

- a. Those that take the form of city-gate deliveries;
- b. Those purchased in the market area and delivered to the city-gate on Keyspan-owned capacity; and
- c. Those short-term purchases that can be used for transport when necessary.

DOER-1-38: Please rank the three types of “Other Purchased Resources” identified in DOER-1-37 above, based on their reliability.

DOER-1-39: For each year of the BASE and HUBLINE DELAY CASE forecasts, please identify the percentage of design days and design years that will be met with Other Purchased Resources.

DOER-1-40: On page 125 of the Plan, Keyspan states, “Under the three scenarios, the Company believes that sufficient supplies are available in the market area to purchase the volumes necessary to meet seasonal needs in the early years of the forecast.” Please provide the underlying analysis and support for this statement, including in your response whether Keyspan believes that sufficient supplies will be available in the latter year of the forecast.

DOER-1-41: Please calculate, summarize, and provide the results of a BASE CASE cold snap analysis where the EDDS follow a pattern in which:

- a. The EDDS before and up to the final two weeks of February are design;
- b. The cold snap EDDs occur and are followed by;
- c. An amount of EDDs that allow the entire winter to be a design winter.

DOER-1-42: Please calculate, summarize, and provide the results using the BASE CASE demand with the conditions set forth in DOER-1-41, above, and with a one year Hubline delay.

DOER-1-43: To the extent not requested above, please provide all of the final SENDOUT model runs used to support the Plan.

DOER-1-44: On page 91 of the Plan, Keyspan states, “the [SENDOUT] model can be used to determine the best use of a given portfolio of supply, capacity, and storage contracts to meet a specified demand.” Which SENDOUT model runs, submitted in response to DOER-1-41 above, were used, “to determine the best use of a given portfolio of supply, capacity, and storage contracts...” in light of the existing contracts terminating during the forecast period? Include in your response the capacity alternatives selected, as well as the capacity alternatives not selected, by the model.

DOER-1-45: Table G-23D (Revised) for the BASE CASE reports a shift over the forecast period from TGP Storage and Production Area design-day capacity to Market Area capacity. Please rank these capacities, including the availability of a gas supply at the receipt point, as to price, reliability, flexibility, and diversity.

DOER-1-46: On page 30, footnote 24, of the Plan, Keyspan states that it had to agree to begin taking delivery of up to 35,000 MMBtus/day of Hubline volumes beginning in November 2002 to secure its needed capacity. Please whether and how Keyspan included this cost in analyzing the Hubline alternative. Please include in your response an explanation as to whether and how Keyspan included the cost of the interim AFT-1 service with AGT for 10,000 MMBtus/day (#510025).

DOER-1-47: On page 30 of the Plan, Keyspan states that two of the alternatives for meeting incremental requirements were taking increased volumes on the M & N Pipeline for delivery into Tennessee and Algonquin and taking Hubline volumes. In taking

Hubline volumes, will Keyspan need to contract on the M & N Pipeline to get gas to Hubline? Please include in your response whether Hubline will deliver directly to the Company's city-gates or if the Company will need capacity on Algonquin.

DOER-1-48: Did the Company, in comparing the long-haul AGT/TETCO alternative to Hubline, price this service at incremental rates or at the same rates the Company paid previously, as referenced on page 16 of the Plan? Please include in your response whether the former AGT/TETCO long-haul service was available on the peak day.

DOER-1-49: On page 30 of the Plan, Keyspan identifies five supply-side alternatives it evaluated to meet its incremental requirements over the forecast period. Please identify and explain any and all demand side alternatives the Company considered. If Keyspan did not consider demand side alternatives, please explain why.

DOER-1-50: When was the LNG facility on the Cape originally anticipated to be placed in service?

DOER-1-51: On page 68 of the Plan, Keyspan states that, as contracts come up for renewal, Keyspan will solicit the input of Suppliers serving customers on the Keyspan system in order to evaluate: (1) whether the capacity is needed to serve the end-use requirements of both firm sales and transportation-service customers in its service territory and (2) whether that capacity is a cost-effective alternative for meeting the needs of those customers. Please describe the status of these solicitations.

DOER-1-52: On page 91 of the Plan, Keyspan states that the SENDOUT model can be used to determine the optimal portfolio to meet a given demand, taking into account both variable and fixed costs. On page 92 of the Plan, Keyspan states that it escalated variable costs using both NYMEX futures prices and DRI fuel oil prices, but did not escalate fixed costs over the forecast period. Based on these facts, please calculate the following hypothetical. If 100 MMBtus of capacity resource A cost \$ 3/MMBtus at 100% load factor and represents 100% fixed costs and capacity resource B for the same amount costs \$ 3.00/MMBtu at 100% load factor and represents 100% variable costs, which resource will SENDOUT select? Which resource will SENDOUT select assuming the same facts, escalating only variable costs?

DOER-1-53: On page 101 of the Plan, Keyspan states that TETCO Contract 800338 terminates on 10/31/02 (Evergreen). Please identify when the notice-to-terminate was provided.

DOER-1-54: Please explain the reference to "Evergreen" in the Contract Termination Date column on pages 95 – 109 of the Plan, including in your response whether the meaning is the same for each Contract.

DOER-1-55: On page 115 of the Plan, Keyspan states that it is required to notify Tennessee by November 1, 2002 about whether it will renew a significant amount of capacity. Please explain the supply-side and demand-side resource alternatives against which Keyspan is evaluating renewal of the Tennessee contracts, including in your response how the Company will be using SENDOUT's optimal resource mix capability in making this determination.



DOER-1-56: On page 118 of the Plan, Keyspan states that it was required to notify Boundary and Tennessee as early as January 2002 about any contract extension. Please explain what Keyspan has done with these contracts, including in your response the basis for each contract(s) determination and the status of Keyspan's work with the consortium of LDCs to create an RFP.

DOER-1-57: On page 121 of the Plan, Keyspan states that, on the BASE CASE design-day, it will require 78,000 MMBtus of Other Purchased Resources, which are not yet determined. On Page 120 of the Plan, Keyspan states that it will require 3,764,000 MMBtus over the BASE CASE design winter, from these yet-to-be-determined Other Purchased Resources. Please explain whether this means that the Company will be purchasing Other Purchased Resources on, at a minimum, 48 days of the winter period.

DOER-1-58: On page 124 of the Plan, Keyspan states that, on the HIGH DEMAND CASE design-day, it will require 171,000 MMBtus of Other Purchased Resources, which are not yet determined. On Page 123 of the Plan, Keyspan states that it will require 9,055,000 MMBtus over the HIGH DEMAND CASE design winter, from these yet-to-be-determined Other Purchased Resources. Please explain whether this means that the Company will be purchasing Other Purchased Resources on, at a minimum, 53 days of the winter period.

DOER-1-59: Please provide an explanation about the status of the Hubline project, including in your response an estimated in-service date.

DOER-1-60: Keyspan's responses to DOER-1-21, 1-22, and 1-23 will include REQUIREMENTS data about its transportation-only customers. If all transportation-only customers were to return to default service, what would the Company's estimates be, over the forecast period, for "Other Purchased Resources" in the BASE CASE and the HUBLINE DELAY CASE?